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Diana T Fritz 05/24/2007 04:56:23 PM From DB/Inbox: Search Results

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SIPDIS
TELEGRAM

March 05, 2003

To: No Action Addressee
Action: Unknown
From: AMEMBASSY ABU DHABI (ABU DHABI 1088 - ROUTINE)
TAGS: EPET, PGOV, BEXP, ENRG, ECON, EINV
Captions: None
Subject: UAE OIL OFFICIAL'S VIEWS ON IRAQ AND THE OIL MARKET
Ref: None

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SIPDIS
CXABU:
ACTION: ECON
INFO: P/M AMB DCM POL
Laser1:
INFO: FCS

DISSEMINATION: ECON
CHARGE: PROG

APPROVED: DCM: RALBRIGHT
DRAFTED: ECON:CCRUMPLER
CLEARED: ECON: TWILLIAMS

VZCZCADI685
RR RUEHC RUEHHH RUEHDE RUCPDOC RHEBAAA
DE RUEHAD #1088 0641358
ZNY CCCCC ZZH
R 051358Z MAR 03
FM AMEMBASSY ABU DHABI
TO RUEHC/SECSTATE WASHDC 8704
INFO RUEHHH/OPEC COLLECTIVE
RUEHDE/AMCONSUL DUBAI 2844
RUCPDOC/USDOC WASHDC
RHEBAAA/USDOE WASHDC

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DEPT FOR NEA/RA, NEA/ARP, INR/EC, EB/IEP, EB/CBA
USDOE FOR INT'L AFFAIRS OBURN, ALSO CALIENDO
USDOE FOR OFFICE OF THE SECRETARY HONDA HUDOME
USDOC FOR 1000/OC/
USDOC FOR 4520/ITA/IEP/ONE
USDOC FOR 4530/ITA/MAC/ONE/DGUGLIELMI
4500/ITA/MAC/DAS/WILLIAMSON
3131/CS/OIO/ANESA

E.O. 12958: DECL 03/05/08

TAGS: EPET PGOV BEXP ENRG ECON EINV TC
SUBJECT: UAE OIL OFFICIAL'S VIEWS ON IRAQ AND THE OIL
MARKET

¶1. (U) Classified by DCM Richard Albright, for reasons 1.5
(B) and (D).

¶2. (C) The Abu Dhabi National Oil Company's (ADNOC) Deputy
CEO, Abdullah Bin Nasser Al-Suwaidi does not believe that

the oil market would collapse following a military conflict with Iraq and removal of Saddam Hussein from power. In a March 3 meeting with Econchief and Econoff, Al-Suwaidi posited that oil prices would likely soften a bit -- to the \$18-20 range -- if Iraq produced at full capacity, but would not drop significantly beyond that. (Note: Others in the UAE government, including senior officials at the mammoth Abu Dhabi Investment Authority, which makes the Emirates overseas portfolio investments, have privately expressed a concern that a drastic drop in oil prices is inevitable, down to possibly \$8 a barrel.) Al-Suwaidi elaborated that prices are artificially high right now, and that he recently signed contracts for the next two months fixing the UAE's signature 'Murban' crude at \$34 per barrel.

¶3. (C) Al-Suwaidi does not believe that Iraq's oil production will increase substantially in the short term, and -- although cheap to produce -- Iraqi oil fields will require billions of dollars in investment and several years to realize their full potential. He intimated that the Kirkuk and Basra fields, in particular, are in poor condition, having been producing for decades. He also suggested that Iraq's claimed reserves may be overstated; in any case, he doubted that there are any large, undiscovered deposits of oil in Iraq.

Wahba